

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Steinberg Analyst: Deborah Barrett Bill Number: SB 1502  
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 14, 2008  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** ALS/Lou Gehrig's Disease Research Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

☒ July 14, 2008, STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would add the ALS/Lou Gehrig's Disease Research Fund to the personal income tax (PIT) return as a voluntary contribution fund.

**SUMMARY OF AMENDMENTS**

The August 14, 2008, amendments added provisions that restrict the funds obtained under this bill's provisions to be used only for grants as specified in the bill's provisions and further prohibits the use of the funds for support of the Amyotrophic Lateral Sclerosis Association's administrative, program, or operation purposes. The August 14, 2008, amendments create a new "Technical Consideration," which is discussed in the analysis below. The "This Bill" discussion is revised. The remainder of the department's analysis of the bill as amended July 14, 2008, still applies.

**POSITION**

Pending.

Board Position:

\_\_\_\_\_ S \_\_\_\_\_ NA \_\_\_\_\_ NP  
 \_\_\_\_\_ SA \_\_\_\_\_ O \_\_\_\_\_ NAR  
 \_\_\_\_\_ N \_\_\_\_\_ OUA ☒ PENDING

Asst. Legislative Director

Date

Patrice Gau-Johnson

8/22/08

## THIS BILL

This bill would establish the ALS/Lou Gehrig's Disease Research Fund (Fund), and add it to the PIT return as a voluntary contribution fund. Taxpayers would be able to designate their own funds, not tax liability, for contribution to the Fund on their PIT returns in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the original return for the taxable year and, once made, are irrevocable. A deduction, subject to the itemized deduction rules applicable to individuals, would be allowed for a contribution made pursuant to this bill.

This bill would specify that if the taxpayer's payments and credits reported on the PIT return fail to exceed the tax liability, the designation on the return would be treated as if no designation has been made.

This bill would require Franchise Tax Board (FTB), when another voluntary contribution fund is removed from the return, to revise the tax return to include a designation space for the Fund. The bill provides language that the Legislature intends the Fund to appear on the personal income tax return as soon as possible.

Beginning with contributions made in the first calendar year the fund appears on the return, this bill would require the Fund to meet a minimum contribution amount for each calendar year. The "minimum contribution amount for a calendar year" is defined as \$250,000 for contributions made in the second calendar year the fund appears on the return or an amount adjusted for inflation for contributions made in subsequent years. The law authorizing designations to this fund would be repealed if contributions made under this bill fail to meet the minimum contribution amount.

This bill would require FTB to do the following by September 1 of the second calendar year the fund appears on the return, and by September 1 of each subsequent calendar year that the Fund appears on the tax return:

- Determine the minimum contribution amount required to be received during the next calendar year for the fund to remain on the return.
- Notify the State Department of Public Health in writing of the minimum contribution amount required for the next calendar year.
- Determine if the amount of contributions estimated to be received during the current calendar year will equal or exceed the minimum contribution amount required for that calendar year.

Beginning with the third calendar year that the fund appears on the return, FTB would be required to adjust the minimum contribution amount as indexed for inflation by September 1 of each calendar year.

If the Fund first appeared on the 2008 PIT return, it would remain on the PIT return until January 1, 2013, in this case the 2012 PIT return, unless a later enacted statute deletes or extends that date, and provided that it meets the annual minimum contribution requirement.

This bill would require the State Controller to transfer money designated for the Fund by taxpayers from the PIT Fund to the Lou Gehrig's Disease Research Fund. Upon appropriation by the Legislature, the monies from this fund would be allocated as follows:

1. FTB and the Controller for reimbursement of costs incurred in administering the Fund.
2. The Department of Public Health for allocation to The Amyotrophic Lateral Sclerosis Association, an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, to provide grants to research the prevention, cure, screening, and treatment of ALS, and Department of Public Health for reimbursement of administration costs incurred for administering the grant program.

#### **TECHNICAL CONSIDERATIONS**

The provisions of this bill that restrict the funds contributed to the use of grants are inconsistent with other provisions of the bill that would reimburse FTB and the Controller for costs to administer the Fund. The attached technical change is recommended to resolve this inconsistency.

#### **LEGISLATIVE STAFF CONTACT**

Legislative Analyst  
Deborah Barrett  
(916) 845-4301  
[deborah.barrett@ftb.ca.gov](mailto:deborah.barrett@ftb.ca.gov)

Revenue Manager  
Rebecca Schlussler  
(916) 845-5986  
[rebecca.schlussler@ftb.ca.gov](mailto:rebecca.schlussler@ftb.ca.gov)

Asst. Legislative Director  
Patrice Gau-Johnson  
(916) 845-5521  
[patrice.gau-johnson@ftb.ca.gov](mailto:patrice.gau-johnson@ftb.ca.gov)